

AMENDED IN SENATE AUGUST 31, 2015

AMENDED IN ASSEMBLY MAY 13, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1533

Introduced by Committee on Jobs, Economic Development, and the Economy (Assembly Members Eduardo Garcia (Chair), Kim (Vice Chair), Chau, Chu, Gipson, and Irwin)

March 24, 2015

An act to *repeal and add Section 12098.7 of*, and to amend Section 63010 of, ~~and to amend and renumber Section 12098.7 of~~, the Government Code, relating to state government.

LEGISLATIVE COUNSEL’S DIGEST

AB 1533, as amended, Committee on Jobs, Economic Development, and the Economy. Infrastructure financing.

(1) The Bergeson-Peace Infrastructure and Economic Development Bank Act establishes the California Infrastructure and Economic Development Bank, within the Governor’s Office of Business and Economic Development, to be governed by a specified board of directors. The act makes findings and declarations, provides definitions, and authorizes the board to take various actions in connection with the bank, including the issuance of bonds, as specified.

This bill, among other things, would revise the definition of economic development facilities to include facilities that are used to provide goods movement and would define goods movement-related infrastructure. The bill would revise the definition of port facilities to specifically reference airports, landports, waterports, and railports.

(2) Existing law authorizes the Governor's Office of Business and Economic Development and its director to expend ~~specified~~ funds *relating to the Economic Adjustment Assistance Grant funded through the United States Economic Development Administration.*

This bill would ~~renumber this provisions~~ *repeal these provisions*, and would ~~instead authorize the California Infrastructure and Economic Development Bank and its executive director to expend these funds, as specified~~ *specify that, effective June 30, 2014, those funds are transferred to the Valley Economic Development Corporation pursuant to the terms and conditions agreed to by the United States Economic Development Administration, the Governor's Office of Business and Economic Development, and the Valley Economic Development Center, Inc., on that date.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 12098.7 of the Government Code is
2 repealed.
3 ~~12098.7. (a) Notwithstanding any other law, effective January~~
4 ~~1, 2008, the Economic Adjustment Assistance Grant funded~~
5 ~~through the United States Economic Development Administration~~
6 ~~under Title IX of the Public Works and Economic Development~~
7 ~~Act of 1965 (Grant No. 07-19-02709 and 07-19-2709.1) shall be~~
8 ~~administered by the director, and, for the purpose of state~~
9 ~~administration of this grant, the director shall be deemed to be the~~
10 ~~succcessor to the former Secretary of Business, Transportation and~~
11 ~~Housing and the former Secretary of Technology, Trade and~~
12 ~~Commerce. The director may assign and contract administration~~
13 ~~of the grant to a public agency created pursuant to Chapter 5~~
14 ~~(commencing with Section 6500) of Division 7 of Title 1.~~
15 ~~(b) On January 1, 2008, all federal moneys held in the Sudden~~
16 ~~and Severe Economic Dislocation Grant Account within the Special~~
17 ~~Deposit Fund are hereby transferred to the Small Business~~
18 ~~Expansion Fund created pursuant to Section 14030 of the~~
19 ~~Corporations Code for expenditure by the office pursuant to Article~~
20 ~~9 (commencing with Section 14070) of the Corporations Code for~~
21 ~~purposes of the Sudden and Severe Economic Dislocation Grant~~

1 ~~program, or other purposes permitted by the cognizant federal~~
2 ~~agency.~~

3 ~~(e) All loan repayments received on or after January 1, 2008,~~
4 ~~for the Sudden and Severe Economic Dislocation Grant program~~
5 ~~loans issued pursuant to former Section 15327 (repealed by Section~~
6 ~~1.8 of Chapter 229 of the Statutes of 2003 (AB 1757)) and this~~
7 ~~section, shall be deposited into the Small Business Expansion Fund~~
8 ~~and shall be available to the office for expenditure pursuant to the~~
9 ~~provisions of Article 9 (commencing with Section 14070) of the~~
10 ~~Corporations Code for the Sudden and Severe Economic~~
11 ~~Dislocation Grant program, or other purposes permitted by the~~
12 ~~cognizant federal agency.~~

13 *SEC. 2. Section 12098.7 is added to the Government Code, to*
14 *read:*

15 *12098.7. Notwithstanding any other law, effective June 30,*
16 *2014, the Economic Adjustment Assistance Grant funded through*
17 *the United States Economic Development Administration under*
18 *Title IX of the Public Works and Economic Development Act of*
19 *1965 (Grant No. 07-19-02709 and 07-19-2709.01) shall be*
20 *transferred to the Valley Economic Development Center, Inc. The*
21 *State of California is the dismissed grantee and the Valley*
22 *Economic Development Center, Inc., shall be the successor*
23 *grantee. All responsibilities and authorities associated with these*
24 *funds shall be transferred from the Governor's Office of Business*
25 *and Economic Development to the Valley Economic Development*
26 *Center, Inc., pursuant to the terms and conditions agreed to by all*
27 *parties, including the United States Economic Development*
28 *Administration, the Governor's Office of Business and Economic*
29 *Development, and the Valley Economic Development Center, Inc.,*
30 *pursuant to the Offer and Acceptance of Award Amendment For*
31 *Transfer of Award entered into by the parties on June 17, 2014.*

32 **SECTION 1.**

33 *SEC. 3. Section 63010 of the Government Code is amended*
34 *to read:*

35 *63010. For purposes of this division, the following words and*
36 *terms shall have the following meanings unless the context clearly*
37 *indicates or requires another or different meaning or intent:*

38 *(a) "Act" means the Bergeson-Peace Infrastructure and*
39 *Economic Development Bank Act.*

1 (b) “Bank” means the California Infrastructure and Economic
2 Development Bank.

3 (c) “Board” or “bank board” means the Board of Directors of
4 the California Infrastructure and Economic Development Bank.

5 (d) “Bond purchase agreement” means a contractual agreement
6 executed between the bank and a sponsor, or a special purpose
7 trust authorized by the bank or a sponsor, or both, whereby the
8 bank or special purpose trust authorized by the bank agrees to
9 purchase bonds of the sponsor for retention or sale.

10 (e) “Bonds” means bonds, including structured, senior, and
11 subordinated bonds or other securities; loans; notes, including
12 bond, revenue, tax, or grant anticipation notes; commercial paper;
13 floating rate and variable maturity securities; and any other
14 evidences of indebtedness or ownership, including certificates of
15 participation or beneficial interest, asset backed certificates, or
16 lease-purchase or installment purchase agreements, whether taxable
17 or excludable from gross income for federal income taxation
18 purposes.

19 (f) “Cost,” as applied to a project or portion thereof financed
20 under this division, means all or any part of the cost of construction,
21 renovation, and acquisition of all lands, structures, real or personal
22 property, rights, rights-of-way, franchises, licenses, easements,
23 and interests acquired or used for a project; the cost of demolishing
24 or removing any buildings or structures on land so acquired,
25 including the cost of acquiring any lands to which the buildings
26 or structures may be moved; the cost of all machinery, equipment,
27 and financing charges; interest prior to, during, and for a period
28 after completion of construction, renovation, or acquisition, as
29 determined by the bank; provisions for working capital; reserves
30 for principal and interest and for extensions, enlargements,
31 additions, replacements, renovations, and improvements; and the
32 cost of architectural, engineering, financial and legal services,
33 plans, specifications, estimates, administrative expenses, and other
34 expenses necessary or incidental to determining the feasibility of
35 any project or incidental to the construction, acquisition, or
36 financing of any project, and transition costs in the case of an
37 electrical corporation.

38 (g) “Economic development facilities” means real and personal
39 property, structures, buildings, equipment, and supporting
40 components thereof that are used to provide industrial, recreational,

1 research, commercial, utility, goods movement, or service
2 enterprise facilities, community, educational, cultural, or social
3 welfare facilities and any parts or combinations thereof, and all
4 facilities or infrastructure necessary or desirable in connection
5 therewith, including provision for working capital, but shall not
6 include any housing.

7 (h) "Electrical corporation" has the meaning set forth in Section
8 218 of the Public Utilities Code.

9 (i) "Executive director" means the Executive Director of the
10 California Infrastructure and Economic Development Bank
11 appointed pursuant to Section 63021.

12 (j) "Financial assistance" in connection with a project, includes,
13 but is not limited to, any combination of grants, loans, the proceeds
14 of bonds issued by the bank or special purpose trust, insurance,
15 guarantees or other credit enhancements or liquidity facilities, and
16 contributions of money, property, labor, or other things of value,
17 as may be approved by resolution of the board or the sponsor, or
18 both; the purchase or retention of bank bonds, the bonds of a
19 sponsor for their retention or for sale by the bank, or the issuance
20 of bank bonds or the bonds of a special purpose trust used to fund
21 the cost of a project for which a sponsor is directly or indirectly
22 liable, including, but not limited to, bonds, the security for which
23 is provided in whole or in part pursuant to the powers granted by
24 Section 63025.1; bonds for which the bank has provided a
25 guarantee or enhancement, including, but not limited to, the
26 purchase of the subordinated bonds of the sponsor, the subordinated
27 bonds of a special purpose trust, or the retention of the subordinated
28 bonds of the bank pursuant to Chapter 4 (commencing with Section
29 63060); or any other type of assistance deemed appropriate by the
30 bank or the sponsor, except that no direct loans shall be made to
31 nonpublic entities other than in connection with the issuance of
32 rate reduction bonds pursuant to a financing order or in connection
33 with a financing for an economic development facility.

34 For purposes of this subdivision, "grant" does not include grants
35 made by the bank except when acting as an agent or intermediary
36 for the distribution or packaging of financing available from
37 federal, private, or other public sources.

38 (k) "Financing order" has the meaning set forth in Section 840
39 of the Public Utilities Code.

1 (l) “Guarantee trust fund” means the California Infrastructure
2 Guarantee Trust Fund.

3 (m) “Infrastructure bank fund” means the California
4 Infrastructure and Economic Development Bank Fund.

5 (n) “Loan agreement” means a contractual agreement executed
6 between the bank or a special purpose trust and a sponsor that
7 provides that the bank or special purpose trust will loan funds to
8 the sponsor and that the sponsor will repay the principal and pay
9 the interest and redemption premium, if any, on the loan.

10 (o) “Participating party” means any person, company,
11 corporation, association, state, or municipal governmental entity,
12 partnership, firm, or other entity or group of entities, whether
13 organized for profit or not for profit, engaged in business or
14 operations within the state and that applies for financing from the
15 bank in conjunction with a sponsor for the purpose of implementing
16 a project. However, in the case of a project relating to the financing
17 of transition costs or the acquisition of transition property, or both,
18 on the request of an electrical corporation, or in connection with
19 financing for an economic development facility, or for the financing
20 of insurance claims, the participating party shall be deemed to be
21 the same entity as the sponsor for the financing.

22 (p) “Project” means designing, acquiring, planning, permitting,
23 entitling, constructing, improving, extending, restoring, financing,
24 and generally developing public development facilities or economic
25 development facilities within the state or financing transition costs
26 or the acquisition of transition property, or both, upon approval of
27 a financing order by the Public Utilities Commission, as provided
28 in Article 5.5 (commencing with Section 840) of Chapter 4 of Part
29 1 of Division 1 of the Public Utilities Code.

30 (q) “Public development facilities” means real and personal
31 property, structures, conveyances, equipment, thoroughfares,
32 buildings, and supporting components thereof, excluding any
33 housing, that are directly related to providing the following:

34 (1) “City streets” including any street, avenue, boulevard, road,
35 parkway, drive, or other way that is any of the following:

36 (A) An existing municipal roadway.

37 (B) Is shown upon a plat approved pursuant to law and includes
38 the land between the street lines, whether improved or unimproved,
39 and may comprise pavement, bridges, shoulders, gutters, curbs,
40 guardrails, sidewalks, parking areas, benches, fountains, plantings,

1 lighting systems, and other areas within the street lines, as well as
2 equipment and facilities used in the cleaning, grading, clearance,
3 maintenance, and upkeep thereof.

4 (2) "County highways" including any county highway as defined
5 in Section 25 of the Streets and Highways Code, that includes the
6 land between the highway lines, whether improved or unimproved,
7 and may comprise pavement, bridges, shoulders, gutters, curbs,
8 guardrails, sidewalks, parking areas, benches, fountains, plantings,
9 lighting systems, and other areas within the street lines, as well as
10 equipment and facilities used in the cleaning, grading, clearance,
11 maintenance, and upkeep thereof.

12 (3) "Drainage, water supply, and flood control" including, but
13 not limited to, ditches, canals, levees, pumps, dams, conduits,
14 pipes, storm sewers, and dikes necessary to keep or direct water
15 away from people, equipment, buildings, and other protected areas
16 as may be established by lawful authority, as well as the
17 acquisition, improvement, maintenance, and management of
18 floodplain areas and all equipment used in the maintenance and
19 operation of the foregoing.

20 (4) "Educational facilities" including libraries, child care
21 facilities, including, but not limited to, day care facilities, and
22 employment training facilities.

23 (5) "Environmental mitigation measures" including required
24 construction or modification of public infrastructure and purchase
25 and installation of pollution control and noise abatement
26 equipment.

27 (6) "Parks and recreational facilities" including local parks,
28 recreational property and equipment, parkways, and property.

29 (7) "Port facilities" including airports, landports, waterports,
30 railports, docks, harbors, ports of entry, piers, ships, small boat
31 harbors and marinas, and any other facilities, additions, or
32 improvements in connection therewith, that transport goods or
33 persons.

34 (8) "Power and communications" including facilities for the
35 transmission or distribution of electrical energy, natural gas, and
36 telephone and telecommunications service.

37 (9) "Public transit" including air and rail transport, airports,
38 guideways, vehicles, rights-of-way, passenger stations,
39 maintenance and storage yards, and related structures, including
40 public parking facilities, and equipment used to provide or enhance

1 transportation by bus, rail, ferry, or other conveyance, either
2 publicly or privately owned, that provides to the public general or
3 special service on a regular and continuing basis.

4 (10) "Sewage collection and treatment" including pipes, pumps,
5 and conduits that collect wastewater from residential,
6 manufacturing, and commercial establishments, the equipment,
7 structures, and facilities used in treating wastewater to reduce or
8 eliminate impurities or contaminants, and the facilities used in
9 disposing of, or transporting, remaining sludge, as well as all
10 equipment used in the maintenance and operation of the foregoing.

11 (11) "Solid waste collection and disposal" including vehicles,
12 vehicle-compatible waste receptacles, transfer stations, recycling
13 centers, sanitary landfills, and waste conversion facilities necessary
14 to remove solid waste, except that which is hazardous as defined
15 by law, from its point of origin.

16 (12) "Water treatment and distribution" including facilities in
17 which water is purified and otherwise treated to meet residential,
18 manufacturing, or commercial purposes and the conduits, pipes,
19 and pumps that transport it to places of use.

20 (13) "Defense conversion" including, but not limited to, facilities
21 necessary for successfully converting military bases consistent
22 with an adopted base reuse plan.

23 (14) "Public safety facilities" including, but not limited to, police
24 stations, fire stations, court buildings, jails, juvenile halls, and
25 juvenile detention facilities.

26 (15) "State highways" including any state highway as described
27 in Chapter 2 (commencing with Section 230) of Division 1 of the
28 Streets and Highways Code, and the related components necessary
29 for safe operation of the highway.

30 (16) (A) "Military infrastructure," including, but not limited
31 to, facilities on or near a military installation, that enhance the
32 military operations and mission of one or more military
33 installations in this state. To be eligible for funding, the project
34 shall be endorsed by the Office of Planning and Research.

35 (B) For purposes of this subdivision, "military installation"
36 means any facility under the jurisdiction of the Department of
37 Defense, as defined in paragraph (1) of subsection (e) of Section
38 2687 of Title 10 of the United States Code.

1 (17) “Goods movement-related infrastructure” including port
2 facilities, roads, rail, and other facilities and projects that move
3 goods, energy, and information.

4 (r) “Rate reduction bonds” has the meaning set forth in Section
5 840 of the Public Utilities Code.

6 (s) “Revenues” means all receipts, purchase payments, loan
7 repayments, lease payments, and all other income or receipts
8 derived by the bank or a sponsor from the sale, lease, or other
9 financing arrangement undertaken by the bank, a sponsor, or a
10 participating party, including, but not limited to, all receipts from
11 a bond purchase agreement, and any income or revenue derived
12 from the investment of any money in any fund or account of the
13 bank or a sponsor and any receipts derived from transition property.
14 Revenues shall not include moneys in the General Fund of the
15 state.

16 (t) “Special purpose trust” means a trust, partnership, limited
17 partnership, association, corporation, nonprofit corporation, or
18 other entity authorized under the laws of the state to serve as an
19 instrumentality of the state to accomplish public purposes and
20 authorized by the bank to acquire, by purchase or otherwise, for
21 retention or sale, the bonds of a sponsor or of the bank made or
22 entered into pursuant to this division and to issue special purpose
23 trust bonds or other obligations secured by these bonds or other
24 sources of public or private revenues. Special purpose trust also
25 means any entity authorized by the bank to acquire transition
26 property or to issue rate reduction bonds, or both, subject to the
27 approvals by the bank and powers of the bank as are provided by
28 the bank in its resolution authorizing the entity to issue rate
29 reduction bonds.

30 (u) “Sponsor” means any subdivision of the state or local
31 government including departments, agencies, commissions, cities,
32 counties, nonprofit corporations formed on behalf of a sponsor,
33 special districts, assessment districts, and joint powers authorities
34 within the state or any combination of these subdivisions that
35 makes an application to the bank for financial assistance in
36 connection with a project in a manner prescribed by the bank. This
37 definition shall not be construed to require that an applicant have
38 an ownership interest in the project. In addition, an electrical
39 corporation shall be deemed to be the sponsor as well as the
40 participating party for any project relating to the financing of

1 transition costs and the acquisition of transition property on the
2 request of the electrical corporation and any person, company,
3 corporation, partnership, firm, or other entity or group engaged in
4 business or operation within the state that applies for financing of
5 any economic development facility, shall be deemed to be the
6 sponsor as well as the participating party for the project relating
7 to the financing of that economic development facility.

8 (v) "State" means the State of California.

9 (w) "Transition costs" has the meaning set forth in Section 840
10 of the Public Utilities Code.

11 (x) "Transition property" has the meaning set forth in Section
12 840 of the Public Utilities Code.

13 ~~SEC. 2.—Section 12098.7 of the Government Code is amended~~
14 ~~and renumbered to read:~~

15 ~~63089.63. (a) Notwithstanding any other law, effective January~~
16 ~~1, 2008, the Economic Adjustment Assistance Grant funded~~
17 ~~through the United States Economic Development Administration~~
18 ~~under Title IX of the Public Works and Economic Development~~
19 ~~Act of 1965 (Grant No. 07-19-02709 and 07-19-2709.1) shall be~~
20 ~~administered by the director, and, for the purpose of state~~
21 ~~administration of this grant, the executive director shall be deemed~~
22 ~~to be the successor to the Director of the Governor's Office of~~
23 ~~Business and Economic Development and the former Secretary~~
24 ~~of Business, Transportation and Housing and the former Secretary~~
25 ~~of Technology, Trade and Commerce. The executive director may~~
26 ~~assign and contract administration of the grant to a public agency~~
27 ~~created pursuant to Chapter 5 (commencing with Section 6500)~~
28 ~~of Division 7 of Title 1.~~

29 ~~(b) On January 1, 2008, all federal moneys held in the Sudden~~
30 ~~and Severe Economic Dislocation Grant Account within the Special~~
31 ~~Deposit Fund are hereby transferred to the Small Business~~
32 ~~Expansion Fund created pursuant to Section 63089.5 of the~~
33 ~~Government Code for expenditure by the office pursuant to Chapter~~
34 ~~6 (commencing with Section 63088) of the Government Code for~~
35 ~~purposes of the Sudden and Severe Economic Dislocation Grant~~
36 ~~program, or other purposes permitted by the cognizant federal~~
37 ~~agency.~~

38 ~~(c) All loan repayments received on or after January 1, 2008,~~
39 ~~for the Sudden and Severe Economic Dislocation Grant program~~
40 ~~loans issued pursuant to former Section 15327 (repealed by Section~~

1 ~~1.8 of Chapter 229 of the Statutes of 2003 (AB 1757)) and this~~
2 ~~section, shall be deposited into the Small Business Expansion Fund~~
3 ~~and shall be available to the office for expenditure pursuant to the~~
4 ~~provisions of Chapter 6 (commencing with Section 63088) of the~~
5 ~~Government Code for the Sudden and Severe Economic~~
6 ~~Dislocation Grant program, or other purposes permitted by the~~
7 ~~cognizant federal agency.~~

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